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CHINA MERCHANTS LAND LIMITED

招商局置地有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of China Merchants Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 published on 25 April 2023 (the “**2022 Annual Report**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the 2022 Annual Report.

In addition to the information provided in the 2022 Annual Report, the board (the “**Board**”) of directors of the Company (the “**Directors**”) would like to provide supplemental information regarding the disclosure with respect to the other receivables of the Group as follows, which should be read in conjunction with the 2022 Annual Report.

OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2022, the Group had other receivables and prepayments of approximately RMB1,573,020,000 (2021: approximately RMB1,398,876,000), which consisted of (i) other receivables amounting to approximately RMB1,463,271,000 which, in descending order of significance of the amount, were project funds to associates and joint ventures based on their respective project cooperation agreements, project fund for urban renewal projects, dividend receivables and funds used for facade refurbishment and building maintenance etc.; and (ii) prepayment amounting to approximately RMB109,748,000 which, in descending order of significance of the amount, were prepayment of construction fees to third parties, prepayment of water charges, prepayment of electricity charges and prepayment of distribution commissions.

AMOUNTS DUE FROM RELATED PARTIES AND THIRD PARTIES

As at 31 December 2022, the nature of the Group's amounts due from related parties and third parties is as follows:

- (a) Amounts due from the intermediate holding companies mainly represented advances to such intermediate holding companies, which may be used to settle the balance due to the other intermediate holding companies;
- (b) Amounts due from fellow subsidiaries mainly represented advances to such fellow subsidiaries, which may be used to settle the balance due to other fellow subsidiaries;
- (c) Amounts due from non-controlling interests of project companies mainly represented advance distributions of project profits, which may be settled by dividend to be declared to such non-controlling interests; and
- (d) Amounts due from associates, joint ventures and investees mainly represented the shareholders' capital contributions required for the development of the projects carried out under the respective project cooperation agreements.

All of the above amounts arose from activities in the Company's ordinary and usual course of business which were necessary for the Company to carry out its principal activities during the year ended 31 December 2022.

The following table sets out, for reference, the principal amounts and other information of the top 5 largest net value of amounts due from associates, joint ventures and investees as at 31 December 2022, ranked in order of monetary significance:

Nature of the funds	Month and year entering into the transaction	Principal amounts ('000)	Interest rate (per annum)	Repayment Term	Details of collaterals or guarantee
Shareholder's fund to a joint venture (<i>Note a</i>)	September 2018	RMB1,954,443	NIL	The joint venture was recognised as a subsidiary of the Company in FY2023 and, accordingly, the shareholder's loan has been reclassified to be represented in the Group's consolidated accounts.	NIL
Shareholder's fund to an associate (<i>Note b</i>)	August 2021	RMB898,656	6.17%	August 2026	NIL
Shareholder's fund to a joint venture (<i>Note c</i>)	June 2021	RMB757,077	8%	June 2023	NIL
Shareholder's fund to a joint venture (<i>Note d</i>)	July 2019	RMB556,433	7%	Repayment upon surplus of project funds	NIL
Shareholder's fund to an associate (<i>Note e</i>)	November 2022	HK\$716,400	NIL	Repayment upon surplus of project funds	NIL

Notes:

- a. The joint venture is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, it is beneficially held as to 52% by the Company through wholly owned and non-wholly owned subsidiaries and is therefore a subsidiary of the Company.
- b. The associate is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, the single largest shareholder which holds 45.9% equity interests in this company is Minmetals Shengshi Guangye (Beijing) Company Limited* (五礦盛世廣業(北京)有限公司), a wholly owned subsidiary of Minmetals Land Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 230).

- c. The joint venture is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, it is beneficially held as to 50% each by (i) the Company; and (ii) Langold Real Estate Co., Ltd.* (南國置業股份有限公司), a listed company in Shenzhen Stock Exchange with stock code 002305.
- d. The joint venture is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, it is beneficially held as to 25% each by (i) the Company; (ii) Poly Development Holding Group Limited* (保利發展控股集團股份有限公司), a listed company in Shanghai Stock Exchange with stock code 600048; (iii) China Railway Construction Corporation Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1186); and (iv) China Jinmao Holdings Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 817).
- e. The associate is a company incorporated in Hong Kong with limited liability and is principally engaged in property development. As at the date of this announcement, the single largest shareholder which holds 70% of the total issued share capital of this company is Sino Land Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 83).

Reasons for granting the amounts due from associates, joint ventures and investees

The Group is a Qualified Issuer (as defined in Rule 14.04(10B) of the Listing Rules) with property development and sales as its principal business. Based on a series of considerations and reasons such as the demand for investment in project development, guidance on local real estate policies, capital and tax planning, industry practices and arm's length negotiation with various partners, the Group's investment in the project company may not only consist of the investment of registered capital but may also be contracted to be invested in the development capital by way of a loan from the shareholders to the project company, so as to benefit from the advantages of, for example, regular receipt of the return of the capital from the project companies, improved capital utilisation efficiency and thin capitalisation.

Credit risk assessment of the amounts due from associates, joint ventures and investees

In respect of the balances due from associates, joint ventures and investees, the Group has been adhering to the principle of investing the shareholders' funds in strict accordance with the terms and conditions of the respective project cooperation agreement of the projects, also based on the principle of joint investment in proportion to shareholding, as well as in accordance with the actual progress of the development of the projects, and has been closely exchanging information such as financial reports of the project companies with the project partners as well as monitoring the bank accounts of the project companies, so as to ensure that the shareholders' funds of all the project companies are properly utilised and the operational and credit risks are controlled as far as practicable. Measures such as increasing collateral and credit enhancement will be taken to protect the interests of the Group when necessary.

In fact, the Company maintains regular reviews of its investments in associates and joint ventures, in which it makes reference to local sales figures, the speed of destocking of the projects, and analyses the reasons for the discrepancy between the project's actual return expectations and the feasibility study report before continuing to invest in the projects.

IMPLICATIONS ON LISTING RULES

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, during the year ended 31 December 2022, with regard to the amounts due from associates, joint ventures and investees representing the shareholders' capital contributions required for the development of the projects carried out under the respective project cooperation agreements, (a) the sole purpose of the relevant project company is to develop the land which is a project of a revenue nature in the ordinary and usual course of business of the Company; (b) the transactions contemplated under respective project cooperation agreements are on an arm's length basis and on normal commercial terms; and (c) the project companies may not, without the unanimous consent of the project partners, change the nature and scope of its business or enter into any transactions which are not on an arm's length basis.

In view of the above, the Board is of the view that the movement of the balance of the amounts due from associates, joint ventures and investees during the year ended 31 December 2022 did not constitute notifiable transactions and/or connected transactions under Chapters 14 and 14A of the Listing Rules, save the transactions as already disclosed by way of announcement(s) by the Company.

In addition, with regard to the movement of the balance of the amounts due from associates, joint ventures and investees during the year ended 31 December 2022, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (a) there was no advance to an entity exceeding 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules; and (b) the aggregate of the balance of such amounts divided by the amount of the Group's total assets was approximately 6.04% which did not exceed 8% under the assets ratio defined under Rule 14.07(1) of the Listing Rules. On the basis of the foregoing, the Board is of the view that the Company was not required to make disclosure under Rules 13.13 to 13.16 of the Listing Rules.

The Group will maintain continuous monitoring and will continue its compliance and disclosure efforts in accordance with the requirements under Chapter 13, Chapter 14 and Chapter 14A of the Listing Rules.

The above information does not affect the information disclosed in the 2022 Annual Report and save as disclosed in this announcement, all other information in the 2022 Annual Report remains unchanged.

By order of the Board
China Merchants Land Limited
JIANG Tiefeng
Chairman

Hong Kong, 20 October 2023

As at the date of this announcement, the Board comprises Mr. JIANG Tiefeng, Mr. HUANG Junlong and Mr. LI Yao as non-executive Directors; Dr. SO Shu Fai, Mr. WONG King Yuen and Ms. CHEN Yan as executive Directors and Dr. WONG Wing Kuen, Albert, Ms. CHEN Yanping, Dr. SHI Xinping and Mr. IP Man Ki, Ryan as independent non-executive Directors.

* *For identification purpose only*